



High Fashion International Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 608)

2019

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT



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ACHIEVING OUR SUSTAINABLE GOALS

INTRODUCTION

High Fashion International Limited (“High Fashion” or the “Company”) and its subsidiaries (collectively, the “Group”) are pleased to share this 2019 Environmental, Social, and Governance (“ESG”) Report (the “Report”) which covers our sustainability efforts across our administrative, manufacturing and branding operations.

We recognise the importance of global environmental and social trends and have taken it upon ourselves to embed sustainability principles across our operations. Echoing China’s policy orientation to modernise and upgrade manufacturing, High Fashion has long focused on new technology and innovation to develop a modern silk industry. In the process, we have invested the time and resources to ensure we operate in a sustainable manner to not only raise our own standards and expectations, but also uplift our supply chain and industry partners to levels beyond minimal standard compliance.

While we will continue to explore all avenues along our sustainability journey, protection of human rights, provision of an admirable working environment, holistic supply chain collaboration and operations, and social contributions continue to stand out as major themes in the industry across the value chain. Throughout this Report, we detail our initiatives, approaches and strategies we have implemented and newly launched to address the issues related to these themes.



COMPANY BACKGROUND

Our story began in Hong Kong in 1978. As China opened its door to global business, High Fashion was founded with a vision to introduce Chinese silk culture to the world and revitalise the glory of silk. We expanded quickly and presently we have operations across the globe in China, South East Asia, the United States and the United Kingdom.

Our business now includes branding operations and the manufacturing of woven garments, knitwear, accessories and home textiles. We take pride in our position within the industry as a global partner to provide sustainable solutions to our clients. We will continue to collaborate with our stakeholders to pave the way towards a sustainable future for the industry through technological advancements, creativity and innovation.



Achieving Our Sustainable Goals

WHO WE ARE AND WHAT WE BELIEVE

High Fashion recognises that being a leader in the industry, we are in a unique position to affect and respond to considerable social and environmental changes. We do not take this responsibility lightly, and have implemented a variety of programmes, measures and policies to help guide us on our path. Our philosophy towards quality, innovation, continuous development, open co-operation and research and development (“R&D”) is at the core of our sustainability approach. Through the use of green R&D, manufacturing processes and operation, we are able to contribute positive environmental and social impacts whilst maintaining our high quality standards. The development of our smart modern factories helps us to efficiently manage our resource consumption, carbon emissions and cultivate a skilled workforce within the industry. Looking ahead, we will work towards the continual improvement of our sustainable production process to respond the needs and interests of our stakeholders, with every step along our sustainability journey rooted in our commitment to this philosophy.



2020 SUSTAINABILITY GOALS

Better Products	Lower Impact	More Admirable Workplace
<p>Improve sustainability performance of every new product, without sacrifice to quality.</p> <ul style="list-style-type: none">• Attained the STANDARD 100 label by OEKO-TEX® for our silk scarf series	<p>Reduce the impact of carbon footprint.</p> <ul style="list-style-type: none">• Carbon intensity reduced by approximately 45% per unit production compared to the 2017 baseline	<p>Enhance the work environment and job satisfaction.</p> <ul style="list-style-type: none">• Over 12,400 training hours delivered• Recorded zero work-related fatalities



ABOUT THIS REPORT

This Report highlights the ESG-related focus areas, achievements and progress as our business advanced in the past year. We believe the transparency provided through our disclosures would allow our stakeholders to monitor and gain a deeper understanding of our ESG performance, current sustainability efforts and future targets.

This Report follows and complies with the “comply or explain” provisions of the “Environment, Social and Governance Reporting Guide” (ESG Guide) as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as the reporting standard. The reporting period is from 1 January 2019 to 31 December 2019. To represent and cover the business activities which have the most significant impacts on the Group’s environmental and social performance, the scope of this Report includes our manufacturing and trading and brand business.

The Report has been reviewed and approved by the Board of Directors of the Company. Any comments or queries relating to the Report may be addressed to the following email address: esg@highfashion.com.hk.





MATERIALITY ANALYSIS



In this Report, we focus on our material issues to prioritise, address and analyse High Fashion's challenges in guiding our sustainability directives. This approach allows us to better manage and understand the risks and opportunities we are facing. It also provides a robust understanding of High Fashion's present and future sustainability decisions. The importance of the environmental, social and governance issues of our main stakeholders are prioritised in accordance with their relevance for our business growth. The top 10 sustainability issues are summarised as follows:

Environmental

- Wastewater discharge
- Environmental policy and standards
- Waste and resource consumption

Social

- Talent attraction and retention
- Training and development
- Employee well-being

Business operation

- Product safety and quality
- Sustainability strategy
- Brand reputation
- Embedding sustainability into product and services

Sustainability Issues



BETTER PRODUCTS

The Group continues to take a leading role in bringing the evolution of silk into the modern era whilst preserving its rich history and cultural heritage. We are a National State-level high-tech enterprise and one of the earliest enterprises to receive the mark of “high-grade silk” from the China Silk Association.

We firmly believe that the best way to ensure the quality of our products, protect the integrity of our brand and provide full end-to-end solutions for our clients is to build a vertically integrated supply chain. This allows the Group to exercise full oversight and control over the materials and processes used in making our products. As such, a major source for our supply chain is our textile production base in Zhejiang Province, The People’s Republic of China (the “PRC”). These facilities are fitted with some of the world’s most advanced textile production equipment and operated in line with the international quality management system standard ISO 9001. As an integral part of our product oversight, we have set out stringent policies on intellectual property rights with reference to applicable laws and regulations. Disclosure of internal R&D projects or any client information such as design drawings or product materials without prior approval is strictly prohibited.



Better Products

Intelligent Production

To keep our products ahead of ever-evolving market trends, we place a heavy emphasis on product innovation and R&D. High Fashion has constructed dedicated facilities to R&D, design, technology, and textile testing to maintain our position at the forefront of the industry.

R&D Centre

Since its establishment in 2006, the Group's R&D Centre has undertaken a wide range of projects to further develop our knowledge, technologies and processes to better produce silk products for clients. Our long-term industry-university research partnership with Zhejiang Sci-tech University focuses on silk technology, testing, management, and analysis culminating in research projects which include original and autonomous R&D and adaptation and absorption of imported technology. As of May 2019, the R&D Centre has obtained numerous invention patents, utility model patents, design patents, and software copyrights. The application of new technology in our silk products and manufacturing operation elevate our product quality and uniqueness.



Design Centre

To keep the Group positioned in line with emerging international fashion trends, our Design Centre works closely with design studios based in New York, Como, Venice, and the United Kingdom, and engages Italian fabric design experts. Alongside our diverse organisational expertise, Design Centre also draws from our intelligent technical support to provide clients with efficient one-to-one service experiences, delivering trendy and accurate design concepts through 3D design and cut-to-fit tailoring technology to fulfil every need. Some of our most popular innovations include wrinkle-resistant EASY CARE series, environmentally-friendly fibres, and dye discharge printing products.

Technology Centre

Since its establishment in 2009, our Technology Centre has become an integral part of the Group. Featuring dye, printing, and physical fastness testing capabilities in line with European, American, and Chinese standards, the Technology Centre greatly improves our production efficiency and ensures the quality of our products. The flexibility to test our production technologies against a diverse range of international standards also greatly enhances our ability to fit the specific needs of our clients, and serves as a crucial component of our R&D process.

Textile Testing Centre

Built in 2000, our Textile Testing Centre was the first textile testing laboratory in Hangzhou to become accredited by the China National Accreditation Service for Conformity Assessment. The Testing Centre provides testing services for various aspects of textiles and garments using cutting-edge instruments imported from Europe and the United States. The scope of our testing covers international standards including ISO (International Organization for Standardization), EN (European Standards Association), ASTM (American Society for Testing and Materials), AATCC (American Association of Textile Chemists and Colorists), GB (Chinese National Standard), BS (British National Standard), DIN (German Standardization Institute), JIS (Japanese Industrial Standard), and AS (Australian Standard), which meet the needs and expectations of both domestic and foreign customers in different countries.

LOWER IMPACT

High Fashion proactively seeks opportunities to improve our environmental performance wherever possible. Over the years, we have made significant changes to the way we make our products and invested in upgrades to our facilities in an effort to reduce our consumption of natural resources and minimise the negative impacts of our operations. We committed ourselves to the long-term implementation of environmentally-friendly production processes and socially responsible employment practices by investing resources to ensure our facilities are up to the most comprehensive international standards.

Apart from our attainment of the STeP certification level 3, the highest level, and the MADE IN GREEN product label by OEKO-TEX®, our woven scarfs made of 100% silk have been awarded the STANDARD 100 by OEKO-TEX® in 2019.



After a rigorous and comprehensive assessment of chemicals management, environmental performance, environmental management, social responsibility, quality management, and health and safety, we became one of only 139 businesses worldwide with the STeP certification.



The MADE IN GREEN product label verifies that our products have been tested to ensure they are free from more than 300 harmful residual substances and guarantees our facilities operate under socially responsible working conditions using sustainable manufacturing processes.



STANDARD 100 by OEKO-TEX® is one of the world's best-known labels for textiles tested for harmful substances. Independent tests are conducted taking into account both national and international statutory requirements. It stands for customer confidence and high product safety.

In 2019, we applied the recognition as bluesign® SYSTEM PARTNER, which give the highest degree of assurance to consumers that our operations and supply chain are implemented at the highest environmental standards. In 2020, we have obtained the recognition.

To further demonstrate our commitment to operate beyond minimum required operating standards, we adopt the Higg Index assessment tool, developed by the Sustainable Apparel Coalition, to benchmark the Company against industry best practices for sustainability performance. Measuring our performance using an industry standardised mechanism allows us to more effectively implement our sustainability strategies and enables clients to make more informed decisions about the impacts of the products they buy.



Lower Impact

ENERGY AND CLIMATE CHANGE

Our climate change impacts arise primarily from the greenhouse gas emissions generated from the purchased steam and electricity consumed during our manufacturing operations. Since energy is a vital input for our production process, we have focused our efforts on upgrading and enhancing the facilities to improve our efficiency and develop our business without expanding our carbon footprint.


Energy efficient features of our modern factories

The Group strives to continually modernise our facilities to improve efficiency and become less reliant on traditional sources of energy to power our production. We have undertaken several asset replacements such as the introduction of LED lighting and the purchase of new energy vehicles for our company fleet, and invested heavily in initiatives which help to provide solutions to our energy management needs.

Solar power generation system:

- Our workshops utilise energy generated through our onsite flat-panel solar power system to heat water up to 55°C for use in our printing and dyeing processes to reduce steam consumption. This solar power system can avoid an estimated 1,200 tonnes of coal consumption and generate an economic value of more than RMB\$1 million every year.

Ice storage air conditioning system:

- The upgraded ice storage air conditioning system helps to alleviate electricity demands during peak hours by producing ice overnight and performing refrigeration in melting ice during the day. An estimated 1,500 MWh of electricity during peak hours is saved per year.
- 



IEUMS production energy consumption data management system:

- In collaboration with Hong Kong Polytechnic University, the Group installed the Intelligent Energy and Utility Management System (IEUMS) to help continuously collect and track energy consumption and production data from our facilities in real-time. This powerful data management system facilitates the analyses on our energy usage and production patterns, which is a strong enabler of effective energy efficiency strategies.

Airflow dyeing machines:

- In 2019, three airflow dyeing machines were purchased to reduce energy consumption. The application of airflow dyeing technologies in place of traditional dyeing machines reduced water by an estimated 37,000 tonnes in 2019 and steam consumption by an estimated 4,100 tonnes per year.



LED lighting system:

- The installation of LED lighting in our Hangzhou factories has resulted in a reduction of 44,875 kWh in electricity consumption, which is equivalent to avoiding the consumption of approximately 12.8 tonnes of coal per year.

Lower Impact

To better understand how we can most effectively mitigate the impacts arising from our operations, we have closely monitored and measured our carbon emissions. Our continual efforts alongside the implementation of the aforementioned environmental initiatives achieved a reduction of the Group's overall carbon intensity¹ by 44.64%, as compared to 2017 levels.

Year	Scope 1 ²				Scope 2 ²			Scope 3	
	Stationary Fuel (Boiler)	Mobile Fuel (Vehicles)	Purchased Town gas	Refrigerants	Electricity	Steam	Water	Industrial Wastewater	Domestic Wastewater
2015	1,034	1,244	2,887	357	16,398	60,533	208	275	0
2016	957	1,233	2,642	318	14,358	62,557	186	346	0
2017	1,067	1,250	2,827	434	16,114	60,301	161	264	2
2018	886	834	3,470	1,349	17,716	67,406	223	439	2
2019	849	504	4,016	685	17,366	66,656	251	482	1

Table 1: Breakdown of Carbon Emissions (in tonnes of CO₂e)

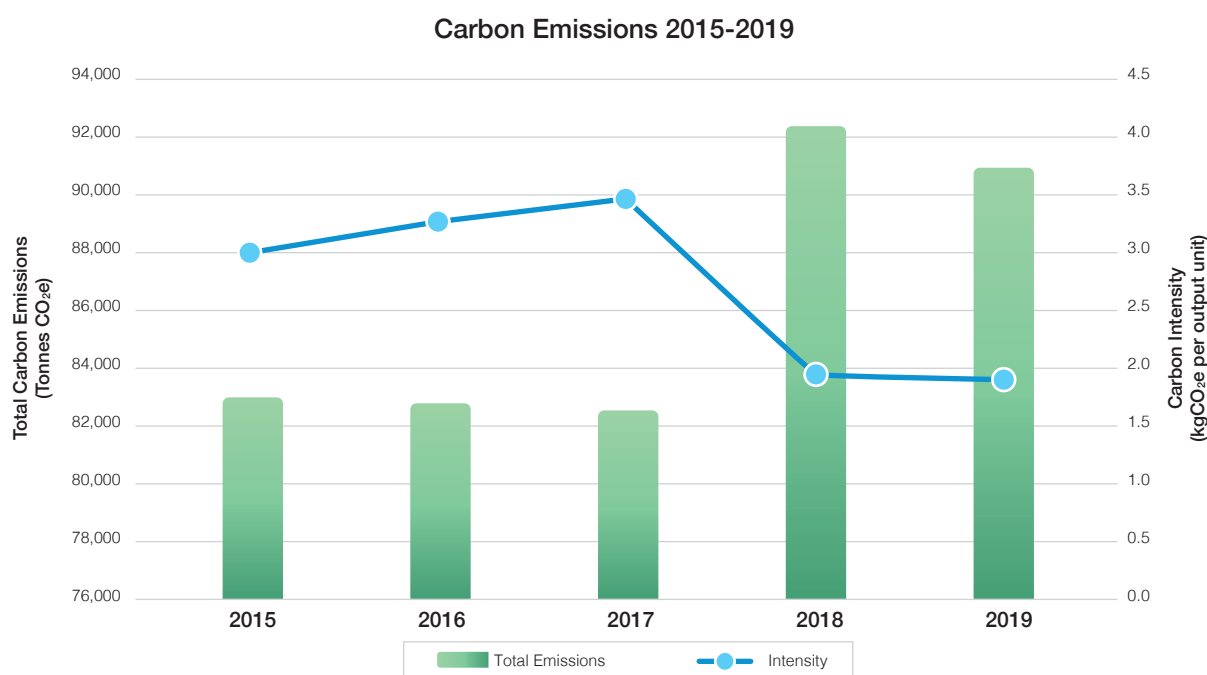


Figure 1: Carbon Emissions in Total and Intensity

¹ Carbon Intensity: Tonnes of CO₂e per output unit.

² The emissions data has been adjusted to standardise the calculation methodology.

We recognise the close link between energy consumption and carbon emissions, and therefore have stepped up our efforts to optimise energy efficiency and work towards continuous improvements. During the reporting period, our energy performance was as follows:

Year	Type	Total	Intensity
2019	Purchased electricity	21,386 MWh	0.45 kWh/output unit
	Diesel	64,970 Litres	0.0029 Litre/output unit
	Petrol	52,493 Litres	0.023 Litre/output unit
	Natural gas	9,739 GJ	0.0096 GJ/output unit
	Town gas	1,573,013 Unit	0.082 Unit/output unit

Table 2: Breakdown of Energy Consumption



Lower Impact

WATER USE AND WASTEWATER DISCHARGE

Our operations are highly dependent on a reliable source of water, so we deeply concern about the water consumption and the reduction of wastewater discharge. The water used during our operations is closely tied with our printing and dyeing facilities which have been steadily improved over the years to ensure we operate as efficiently and cleanly as possible. For instance, in Hangzhou, the introduction of three airflow dyeing machines in our dyeing and printing centre has reduced aggregate water consumption by approximately 37,400 tonnes. Furthermore, our wastewater treatment system serves the dual purpose of reducing our wastewater discharge and increasing the capacity of our water reuse system. Using ultrafiltration and reverse osmosis membrane treatment technology, our system can treat up to 4,000 tonnes of wastewater per day, 2,000 tonnes of which is recycled back into our production as reusable water.

Alongside the upgrades to our printing and dyeing facilities, we also continue to adopt more environmentally-friendly practices to manufacture our products. Our digital printing process utilises modern technology to provide our clients with more environmentally responsible products when compared to traditional screen-printing methods. Digital printing greatly reduces water use and chemical waste, as only exact amounts of ink are required to print the designs and can minimise the number of reprints given its colour accuracy.

Our ongoing commitment to enhancing water efficiency resulted in a decrease of the Group's overall water intensity by 21.43%, using 2017 as the baseline. We will continue to monitor our consumption patterns and identify water saving opportunities to further augment our environmental performance.

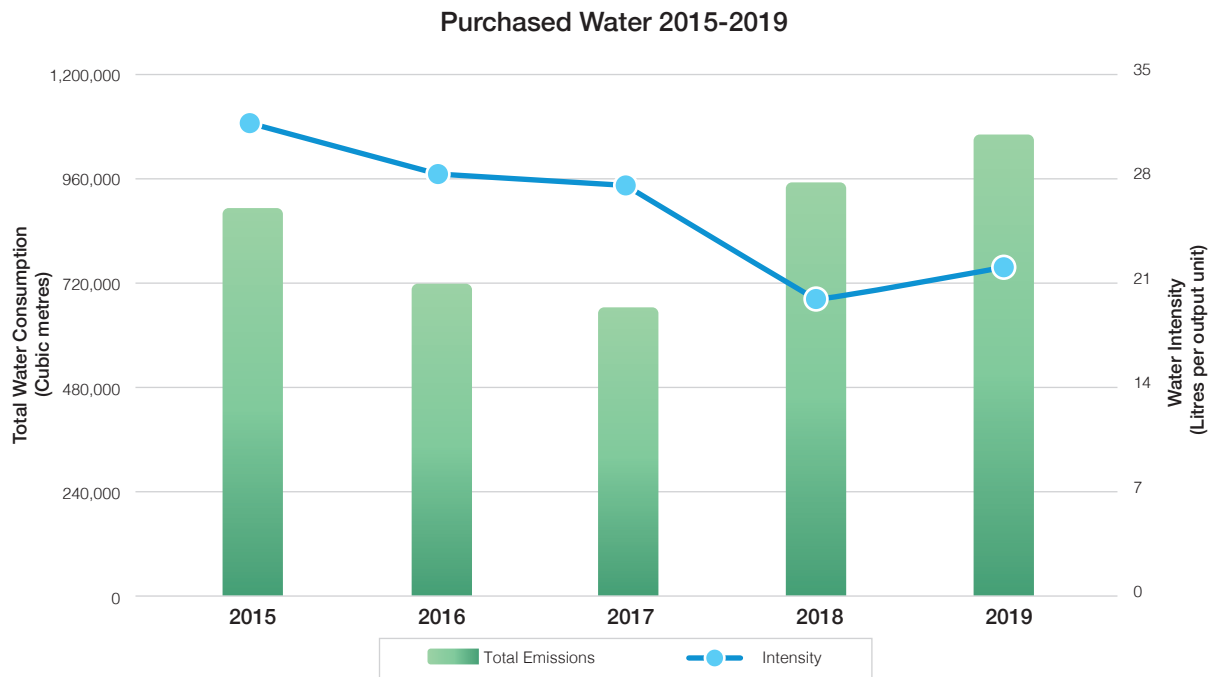


Figure 2: Purchased Water in Total and Intensity



Figure 3: Total Wastewater Discharge



Lower Impact

WASTE AND RESOURCE MANAGEMENT

Despite the challenges of waste and resource management affecting the manufacturing industry, we are determined to identify, explore, and implement new methods of addressing these issues. We aim to eliminate as much waste from our production processes as possible, and utilise the latest technologies to ensure that our environmental performance meets our stakeholder expectations. Our 3D cut-to-fit tailoring technology helps to reduce excess material and minimise potential mistakes by providing precise and accurate measurements during production. We also utilise an Advanced Planning and Scheduling (“APS”) System to further enhance our production efficiency by achieving the most efficient yield from our raw materials, thus reducing waste. The APS System does this by planning and scheduling our production based on available materials and factory capacity. The raw materials are then optimally allocated to meet our current demand, which enables a much higher efficiency rate than otherwise possible. Unless we receive special requests from clients regarding disposal methods, fabric scraps and some packaging materials such as cardboard boxes will be collected by designated recyclers for future reuse. As for hazardous waste generated from our manufacturing activities, we appoint licensed operators to collect and handle such waste, and report to the Ministry of Ecology and Environment of the PRC for their record. During the year, we achieved a reduction of around 16% non-hazardous waste production as compared to 2018.

	2018	2019
Total non-hazardous waste (Tonnes)	2,449.72 (restated)	2,061.21
Total hazardous waste (Tonnes)	1.92 (restated)	3.8

Table 3: Total Production of Non-hazardous and Hazardous Waste



MORE ADMIRABLE WORKPLACE

High Fashion remains loyal to its people-oriented philosophy to create a respectful, inclusive and engaging workplace which values human and labour rights, supports professional development and protects the well-being of our staff. Aspiring to be a leading silk enterprise around the world, we make great efforts to strengthen our branding as an employer of choice in the industry in order to attract diverse talents in support of our “brand-leading, quality-based, innovation-driven and culturally-rooted” corporate strategies.

A RESPECTFUL WORKPLACE

As of 31 December 2019, the Group has a competent team of 3,960 employees as the cornerstone of our business. To stock an employee pipeline with talented and experienced individuals, we go beyond statutory requirements to reward staff with attractive remuneration packages and benefits, including discretionary bonus, medical care, overtime compensation and a range of leave entitlements. Over the years, we have continually enhanced our employment practices and working conditions. In 2019, we introduced paid birthday leave to our Hong Kong colleagues and offered a meal allowance to our colleagues in mainland China. To ensure staff are well informed of their benefits and welfare, we arrange talks and briefings on topics such as insurance and retirement schemes on a regular basis.

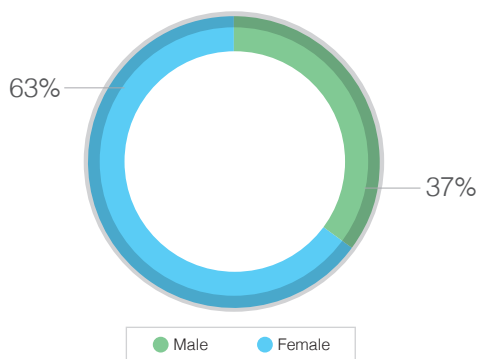
Additionally, we fully support our staff to maintain work-life balance by organising six staff clubs with multiple recreational events and staff activities. For instance, our table tennis club and badminton club provide free sports venues for employees with an intention to encourage them to stay healthy and spend quality time together. In 2019, our Hong Kong colleagues formed running team and hiking team, providing opportunities for staff to exercise and socialise outside of work. Every year, we celebrate festive seasons with our employees by organising staff gatherings and parties where we distribute gifts and bring them festive delights. We also initiate a series of family-friendly activities on topics such as waste recycling and safe production during the summer holidays in an effort to better engage our employees together with their family members.

More Admirable Workplace

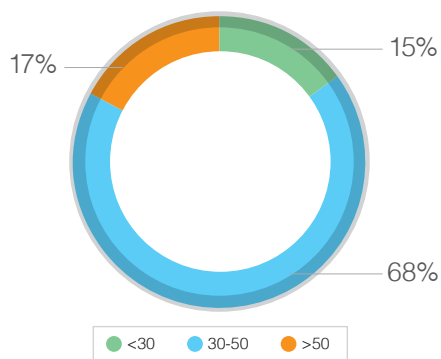
Creating a Better Workplace

In Hong Kong, we are currently renovating our High Fashion Centre in Kwai Chung. Adopting a minimalist design, this brand new office will feature a spacious common area and lounge for casual meetings or work-related discussions. Taking employee comfort and sustainability considerations into account, we work to incorporate natural-tone design element into the office and maximise the use of natural light to create a relaxing and comfortable workplace for our colleagues. In Hangzhou, water-cooled ventilation system and air-conditioning have been installed to provide our staff a more comfortable and cooling work environment in the dyeing and printing centre during the hot summer.

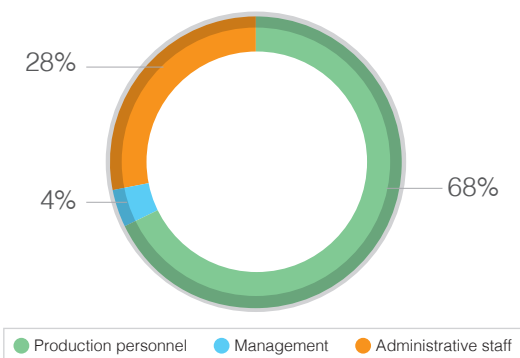
Breakdown of Workforce by Gender



Breakdown of Workforce by Age Group



Breakdown of Workforce by Employment Type



Breakdown of Workforce by Geographic Region

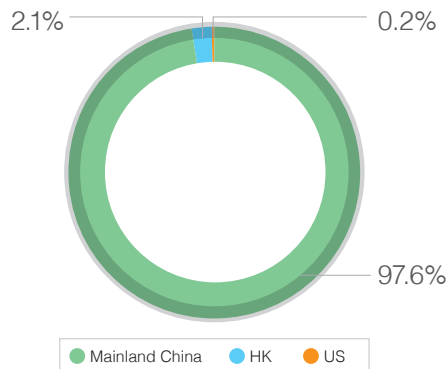



Figure 4: Breakdown of Workforce by Gender, Age Group, Employment Type and Geographical Region



Our Code of Conduct and Staff Handbook communicate our commitment to upholding the principle of equal opportunities, human and labour rights throughout the Group's operations and supply chain in line with relevant legal requirements. We embrace the principle of equal opportunities and ensure fair recruitment and promotion procedures based on individual merits, experience and qualifications regardless of gender, age, nationality, ethnicity, religion and disability.

As a responsible employer, child and forced labour are strictly prohibited. Recruitment management procedures are established to provide clear hiring guidance. Regular internal audits are also conducted to ensure full compliance with applicable laws and regulations. During the recruitment process, our Human Resources Department will review and examine all identification documents provided by applicants. A grievance mechanism is in place for employees to raise and report concerns in relation to our labour practices through a confidential channel. If any irregularity is found, the Group will stop the underage worker from working immediately and contact the parents for appropriate settlement. The Group will also keep a record for further investigation and review.

Both our woven and knitted garment factories obtained Worldwide Responsible Accredited Production, an internationally recognised certification of social responsibility based on various local and global workplace-related standards, laws and regulations. Furthermore, to responsibly manage labour risks arising from our supply chain networks, we conduct regular audits to ensure our suppliers and contractors are in full compliance with applicable regulations and international human rights standards.

We highly value the labour rights of our employees and encourage two-way and transparent communication. In our Mainland China business, we have a trade union and employee association in place in accordance with the Trade Union Law of the PRC. While there are no labour unions currently representing our Hong Kong and overseas employees, we have developed different engagement channels to enhance communication between staff members and our management.



More Admirable Workplace

A SAFER WORKPLACE

Ensuring the occupational health and safety (“OHS”) of our employees is a foremost task. To this end, we have taken a precautionary approach to minimise occupational hazards across our operations. Our Responsibility System for Safety in Production lays down appropriate safety management processes applicable for individual operations, which sets out the level-by-level supervision, identification and mitigation of OHS risks, and implementation of a safety accountability mechanism. Periodic inspections of facilities, vehicles, fire equipment and work environment are conducted in order to improve the general housekeeping and conditions of the workplace.

As part of our induction programme, new joiners especially those who work with high risk, would receive OHS training where we share best safety practices and standard operating procedures to enhance their safety awareness. To foster a safety-first culture within the Group, we organised talks and workshops throughout the year, covering various OHS topics such as first aid, fire safety, use of safety equipment and regulatory compliance. Additionally, we are mindful of workers who carry out job duties with relatively higher risks. Apart from equipping them with personal protective gear such as safety gloves, helmets and goggles, we also arrange free physical check-up services and provide all staff with medical insurance.

Together We Fight COVID-19

Amid the global health crisis, HighFashion remains steadfast in prioritising the health and safety of our employees. To minimise health risks in the workplace, we have implemented a range of preventive measures. Aside from checking the body temperature of our staff, we adopted flexible work arrangements and encouraged colleagues to maintain an appropriate social distance. We also provided all employees with masks and disinfectant supplies, and conducted regular cleaning at our offices and factories to maintain a hygienic work environment. In Hong Kong, we arranged individually packed lunchboxes for our colleagues in place of the buffet-style lunch arrangement to avoid unnecessary meal gatherings.

Furthermore, we received different certifications and awards in relation to OHS, environmental and quality management issued by the China Quality Certification Centre, the Ministry of Industry and Handicraft of Cambodia and the Dongguan Safety Production Association.



A SKILLED WORKPLACE

We recognise our skilled workforce and in-house technological innovation as essential drivers of the Group's business sustainability. Through a diverse set of internal and external training programmes on topics including management skills, quality control, sales techniques, research and development and technical knowledge, we help our employees maximise their potential and their contributions to our success. We also arrange overseas training for our sales staff to keep them updated on the latest market information, emerging industry trends and customer needs.

Succession Planning

High Fashion always depends on the technical know-how and expertise of our skilled employees to innovate and deliver value to our customers. To facilitate a smooth knowledge transition within the Group, we tailored succession programmes for our young talent and assigned senior staff as mentors for appropriate guidance.

In 2019, we rolled out our third succession programme themed "Management for Tomorrow". We had approximately 300 employees from different business operations participate in this training, covering a wide spectrum of topics such as strategy development, corporate culture, budgeting and supply chain management. Through this programme, we aim to nurture a competent and resilient team in support of our business prosperity and longevity.

Management Trainee Programme

We nurture the early career members of the workforce through our Management Trainee ("MT") Programme. During the training period, MTs will rotate across different business departments to acquire the necessary skills to fast track into managerial roles and gain a deep understanding of the Group's operations locally and around the world. Through one-on-one exchanges, each MT will have the opportunity to be coached by senior leaders who can offer useful career advice and share their valuable insights on the Group and the industry.

More Admirable Workplace

Online Learning Tools

As digital platforms become more prevalent in our daily lives, High Fashion seeks this opportunity to promote online learning for the continuous development of our staff. This year, we have introduced an online learning platform where employees can gain access to an extensive library of courses they can attend anytime and anywhere. Through this digital platform, staff can also share their valuable experience and technical know-how with other colleagues for mutual learning.

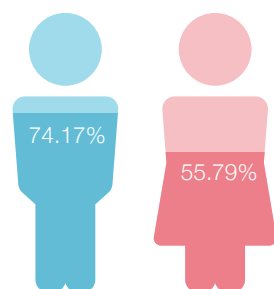


Total training hours
12,441



Average training hours
per employee
3.14

Percentage of employees trained by gender in 2019



Percentage of employees trained by employee category

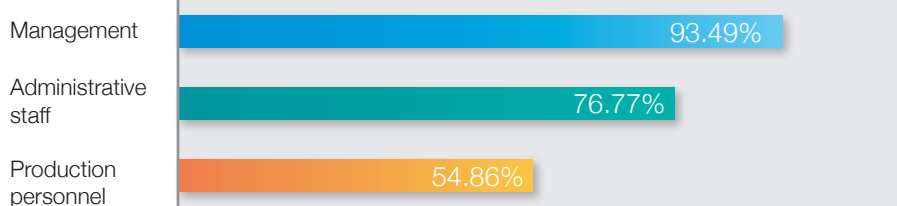


Table 4: Percentage of Employees Trained by Gender and Employee Category

Average training hours by employee category



Management
14.72



Administrative staff
4.97



Production personnel
1.65

Table 5: Average Training Hours by Employee Category



BUSINESS ETHICS

High Fashion is committed to upholding the highest ethical standards and accountability throughout our operations. We do not tolerate any forms of corruption and bribery. Our Anti-corruption Policy sets out the guiding principles for ethical business conduct which all staff, suppliers, contractors and business partners must adopt. We also encourage our staff, customers and value chain partners to raise their concerns if they have any suspicions of misconduct, malpractice or irregularities through our whistleblowing policy. All concerns raised through this channel are directly handled by the Internal Audit Department for further investigation.



OUR COMMUNITY

At High Fashion, we are committed to contributing positively to the communities we serve. We leverage our resources and expertise to build a more connected and vibrant society through staff volunteering, our long-established charitable foundation and proactive school-enterprise collaboration. In support of diverse social segments, we continue to provide financial and in-kind contributions to charitable organisations and persons in need. In 2019, we made donations to a local charity supporting their empowerment works against child poverty, sickness and discrimination and also universities for supporting students with outstanding academic achievement.



HK\$2.8 million
Amount of financial donations for
community investment



Over 30
Number of school-enterprise
collaboration projects

The High Fashion Charitable Foundation

Building on our spirit of “giving back to society”, we established a charitable foundation in 1992 with preliminary goals of poverty alleviation and community empowerment. Along with our business growth, we have expanded the fund coverage to provide our employees and their family members with educational, medical and emergency assistance funds.

Youth Empowerment

The youth are the leaders of tomorrow and drivers of national prosperity. As such, we make great efforts to empower the younger generation who is disadvantaged in learning with opportunities in pursuit of higher education and future careers. Aside from offering grants to subsidise undergraduate students with financial difficulties, we also established scholarships to reward students with outstanding academic achievements.

Employee Funds

In 2006, we set up three additional funds with an aim to provide better and more comprehensive support for our employees as well as their families.

Educational Fund

To provide academic support for children from low-income families

Medical Fund

To provide financial assistance for employees with serious illnesses

Emergency Assistance Fund

To provide employees with emergency assistance in case of natural/man-made disasters and accidents

During the reporting period, the Group donated approximately RMB\$40,000 to our colleagues in mainland China who experienced urgent financial needs.



Our Community

School-Enterprise Collaboration between High Fashion and Education Institutions

In support of the 13th National Five-Year Plan to push forward the strategic blueprint of Made in China 2025, we continue to strengthen our collaborative ties with different education institutions in China and around the world. In 2009, we partnered with the Hangzhou Vocational and Technical College to launch an innovative school-enterprise project – High Fashion Women Wear Institute, with an aim to enhance the capability and resilience of China's manufacturing sector in the long run. As of the end of 2019, we have initiated more than 30 school-enterprise collaboration projects through which we contribute to the positive development of the industry whilst nurturing high-calibre talents for tomorrow.



Fabric Donation for Making Face Masks

In light of the outbreak of COVID-19, we donated cotton woven fabric in the amount of approximately USD15,000 to two charitable organizations to make face masks. The face masks would be distributed to the community.



OUR WORLD

Ongoing and dynamic engagement with our value chain partners is crucial to build effective long-term relationships and holistically manage sustainability-related impacts associated with our operations. As an integral part of our corporate responsibility, we strive to extend our sustainability considerations to our suppliers and brand clients and encourage environmentally and socially responsible practices beyond regulatory compliance.

In line with our supply chain management approach, we prioritise suppliers and contractors who share our sustainable practices and ethical standards. During the procurement processes, we take product quality, delivery capability, price competitiveness, environmental, social and safety performance and anti-terrorist policies into account. To ensure the quality of our products and reduce supply chain-related risks, we maintain ongoing communication with our partners and assess their performance through regular audits and on-site inspections. Based on the assessment results, we will consider the suitability of maintaining long-term business relationship with individual supply chain partners.

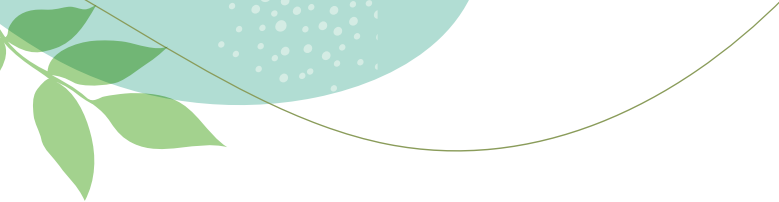
Drawing upon our extensive networks in China and beyond, we regularly communicate with a wide range of stakeholders to gather their feedback and expectations with regards to our sustainability efforts and strategies. This process enables us to make informed decisions and deliver the best possible value. Details on our stakeholder groups, engagement channels and frequency are provided in the table below.

Our World

Stakeholder Groups		Engagement Channels	Frequency
Employees	People who work directly for High Fashion	<ul style="list-style-type: none"> • Annual staff meeting • Training • Department meeting • Suggestion box • Newsletters • Regular site visits made by senior management 	<ul style="list-style-type: none"> • Daily to annually
Customers	People who buy our products	<ul style="list-style-type: none"> • Sales relationship • Factory visit • Shows and exhibitions • Shopping experience (stores and internet platform) 	<ul style="list-style-type: none"> • Daily to annually
Suppliers	Companies who provide goods, services and materials as part of our supply chain	<ul style="list-style-type: none"> • Regular meetings • Annual supplier evaluation and corrective actions follow up 	<ul style="list-style-type: none"> • Quarterly to annually



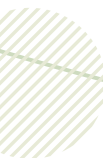
Stakeholder Groups		Engagement Channels	Frequency
Shareholders	People who have a financial investment in our business	<ul style="list-style-type: none"> • Website • Report and press releases • Annual general meeting • Survey 	<ul style="list-style-type: none"> • Regularly
Communities	People who live, work or play in the vicinity of our operations	<ul style="list-style-type: none"> • Public events • Visits • Meeting 	<ul style="list-style-type: none"> • Ad-hoc
Government and Industry Associations	Legislative bodies, peers and industry partners	<ul style="list-style-type: none"> • Public events • Visits • Meeting • Industry or public seminar 	<ul style="list-style-type: none"> • Ad-hoc



OUR ACHIEVEMENTS

The table below summarises the awards we have received in 2019.

Level of Achievements	Awards
International Level	<ul style="list-style-type: none">• STANDARD 100 label by OEKO-TEX®
National Level	<ul style="list-style-type: none">• Advanced Enterprise in Production Safety• Enterprise with Outstanding Contribution




HKEX ESG REPORTING GUIDE CONTENT INDEX

Aspect	HKEx KPI	Description	Page/Remarks
A. Environmental			
A1 Emissions		General Disclosure	During the reporting period, we complied with all applicable legal and regulatory requirements ³ regarding environmental protection.
		Information on:	
		(a) the policies; and	
	A1	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	
		relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	
	A1.1	The type of emissions and respective emissions data	pages 16-17
	A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	pages 16-17
	A1.3	Total hazardous waste produced and, where appropriate, intensity	page 20
	A1.4	Total non-hazardous waste produced and, where appropriate, intensity	page 20
	A1.5	Description of measures to mitigate emissions and results achieved	pages 12-17
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	page 20

³ Including but not limited to the Air Pollution Control Ordinance (Cap. 311); the Waste Disposal Ordinance (Cap. 354); the Environmental Protection Law of the PRC; the Energy Conservation Law of the PRC; the Law of the PRC on the Prevention and Control of Atmospheric Pollution; the Law of the PRC on the Prevention and Control of Water Pollution; the Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste.

HKEx ESG Reporting Guide Content Index

Aspect	HKEx KPI	Description	Page/Remarks
A. Environmental			
A2 Use of Resources		General Disclosure	pages 12-20
	A2	Policies on the efficient use of resources, including energy, water and other raw materials	
	A2.1	Direct and/or indirect energy consumption by type in total and intensity	page 17
	A2.2	Water consumption in total and intensity	page 19
	A2.3	Description of energy use efficiency initiatives and results achieved	pages 14-17
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	page 18
	A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	Considering the reporting scope of this Report, this KPI is considered not material.
A3 The Environment and Natural Resources		General Disclosure	pages 9-20
	A3	Policies on minimising the issuer's significant impacts on the environment and natural resources	
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	pages 12-20



Aspect	HKEx KPI	Description	Page/Remarks
B. Social			
B1 Employment		General Disclosure	During the reporting period, we complied with all applicable legal and regulatory requirements ⁴ regarding employment practices.
		Information on	
		(a) the policies; and	
	B1	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	
		relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	
	B1.1	Total workforce by gender, employment type, age group and geographical region	page 22
	B1.2	Employee turnover rate by gender, age group and geographical region	N/A


⁴ Including but not limited to the Employment Ordinance (Cap. 57); the Labour Law of the PRC; the Trade Union Law of the PRC.

HKEx ESG Reporting Guide Content Index

Aspect	HKEx KPI	Description	Page/Remarks
B. Social			
B2 Health and Safety		General Disclosure	During the reporting period, we complied with all applicable legal and regulatory requirements ⁵ regarding health and safety.
		Information on:	
		(a) the policies; and	
	B2	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	
		relating to providing a safe working environment and protecting employees from occupational hazards	
	B2.1	Number and rate of work-related fatalities	zero work-related fatalities
	B2.2	Lost days due to work injury	28 days
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	page 24

⁵

Including but not limited to the Occupational Safety and Health Ordinance (Cap. 509); the Law of the PRC on the Prevention and Treatment of Occupational Diseases.




Aspect	HKEx KPI	Description	Page/Remarks
B. Social			
B3 Development and Training		General Disclosure	pages 25-26
	B3	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	
	B3.1	The percentage of employees trained by gender and employee category	page 26
	B3.2	The average training hours completed per employee by gender and employee category	page 26
B4 Labour Standards		General Disclosure	During the reporting period, we complied with all applicable legal and regulatory requirements ⁶ regarding labour standards.
		Information on:	
		(a) the policies; and	
	B4	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	
		relating to preventing child and forced labour	
	B4.1	Description of measures to review employment practices to avoid child and forced labour	page 23
	B4.2	Description of steps taken to eliminate such practices when discovered	page 23

⁶ Including but not limited to the Employment Ordinance (Cap. 57); the Labour Law of the PRC; the Provisions on Prohibition of Child Labour of the PRC.



HKEx ESG Reporting Guide Content Index

Aspect	HKEx KPI	Description	Page/Remarks
B. Social			
B5 Supply Chain Management	B5	General Disclosure	pages 9, 23 and 31
		Policies on managing environmental and social risks of the supply chain	
	B5.1	Number of suppliers of geographical region	N/A
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and now they are implemented and monitored	N/A



Aspect	HKEx KPI	Description	Page/Remarks
B. Social			
B6 Product Responsibility		General Disclosure Information on:	
	B6	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	During the reporting period, we complied with all applicable legal and regulatory requirements ⁷ and there were no non-compliance cases relating to product responsibility.
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	During the reporting period, no products sold or shipped were subjected to recalls for safety and health reasons.
	B6.2	Number of products and service related complaints received and how they are dealt with	During the reporting period, 12 complaints were received. High Fashion has set out standard complaint-handling procedures to address customer concerns. Once a complaint case is received, we will record and review the issue. Designated staff will then report the issue to the responsible department and conduct thorough investigation with follow-up actions implemented as appropriate.
	B6.3	Description of practices relating to observing and protecting intellectual property rights	page 9
	B6.4	Description of quality assurance process and recall procedures	pages 9-11
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	N/A


⁷ Including but not limited to the Product Quality Law of the PRC; the Advertising Law of the PRC; the Patent Law of the PRC.

HKEx ESG Reporting Guide Content Index

Aspect	HKEx KPI	Description	Page/Remarks
B. Social			
B7 Anti-corruption		General Disclosure	During the reporting period, we complied with all applicable legal and regulatory requirements ⁸ regarding anti-corruption.
		Information on	
	B7	(a) the policies; and	
		(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	No related legal cases were brought against High Fashion or its employees during the reporting period.
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	page 27
B8 Community Investment		General Disclosure	pages 28-30
	B8	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	
	B8.1	Focus areas of contribution	pages 28-30
	B8.2	Resources contributed to the focus area	pages 28-30

⁸

Including but not limited to the Prevention of Bribery Ordinance (Cap. 201); the Anti-Unfair Competition Law of the PRC; the Anti-Money-Laundering Law of the PRC.



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ESG Report 2019